



## Legislative Conference

December 5-7, 2012

*Cheyenne Mountain Resort • Colorado Springs*

**Get Connected.  
Get Smart.  
Get Ready.**



Informing Policy. Advancing Health.

# Block Grants and Waivers in Medicaid

*Making Sense of the Options*



Jeff Bontrager

December 6, 2012

**Legislative Conference**

*Cheyenne Mountain Resort • Colorado Springs*



**colorado health**  
**INSTITUTE**

# Today's Presentation

- Medicaid's federal requirements
- Block grants
- Waivers
- Rhode Island's global waiver
- What this means to you

# Three Takeaways

- Block grants and waivers increase state flexibility in administering federal programs.
- Block grant proposals aimed at reducing federal Medicaid spending transform the program from an entitlement.
- Colorado has long used waivers to expand or redesign Medicaid services.

# Federalism and Health Care



Federal Government

- Often decides the “WHAT”



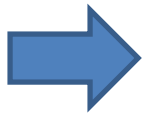
State Governments

- Often decide the “HOW”

*Case in point: Medicaid*

# What is an Entitlement Program?

- A government program guaranteeing certain benefits to a segment of the population
- **Examples of entitlement programs:**
  - Social Security
  - Medicare
  - Food Stamps (SNAP)
  - Medicaid



# A Medicaid Refresher: Mandatory Populations

## States must cover low-income individuals:

- Children
- Pregnant women
- Parents of dependent children
- Individuals with disabilities
- Adults 65+

# A Medicaid Refresher: Mandatory Services

## All states must cover a defined set of services

- Examples: Physician visits, hospital procedures, nursing home stays

## States may decide to cover “optional” services

- Examples in Colorado: Prescription drugs, children’s dental



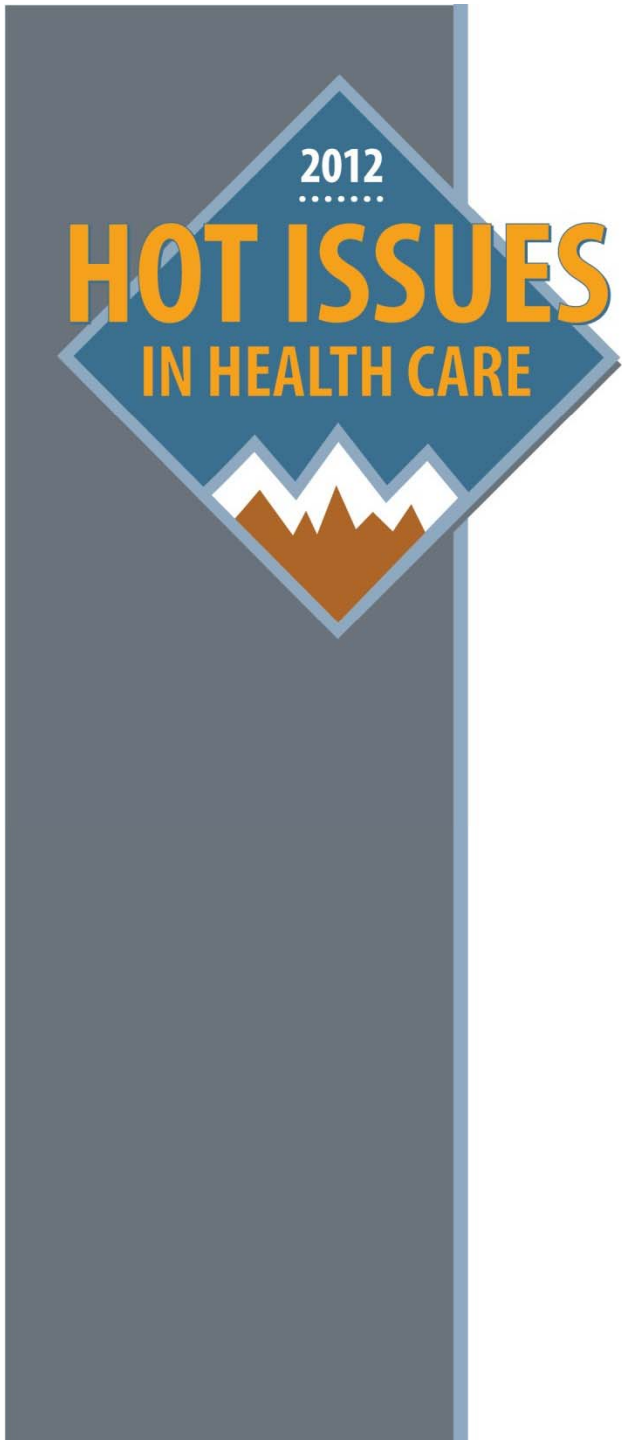
# Medicaid Funding: Federal Matching



For every state  
dollar  
committed...



...the federal  
government  
commits a  
dollar



## Medicaid Block Grants

# What is a Block Grant?



# Examples of Block Grants

- Maternal and Child Health Block Grant
- Social Services Block Grant
- Temporary Assistance to Needy Families (TANF)
  - 1996: Commonly known as “Welfare Reform”

# Ryan Budget: Medicaid Block Grant Proposal

- Would convert federal share into a block grant indexed to consumer price inflation and population growth.
- States allowed to tailor programs to their populations.
- Would constrain Medicaid cost trajectory by an estimated \$810 billion over ten years.

Source: Holahan, J et al. *National and State-by-State Impact of the 2012 House Republican Budget Plan for Medicaid*. October 2012.

# Examining Ryan's Block Grant Proposal

- **Proponents:**



- Huge federal (and state?) savings
- States given more flexibility to administer program
- Funding more predictable

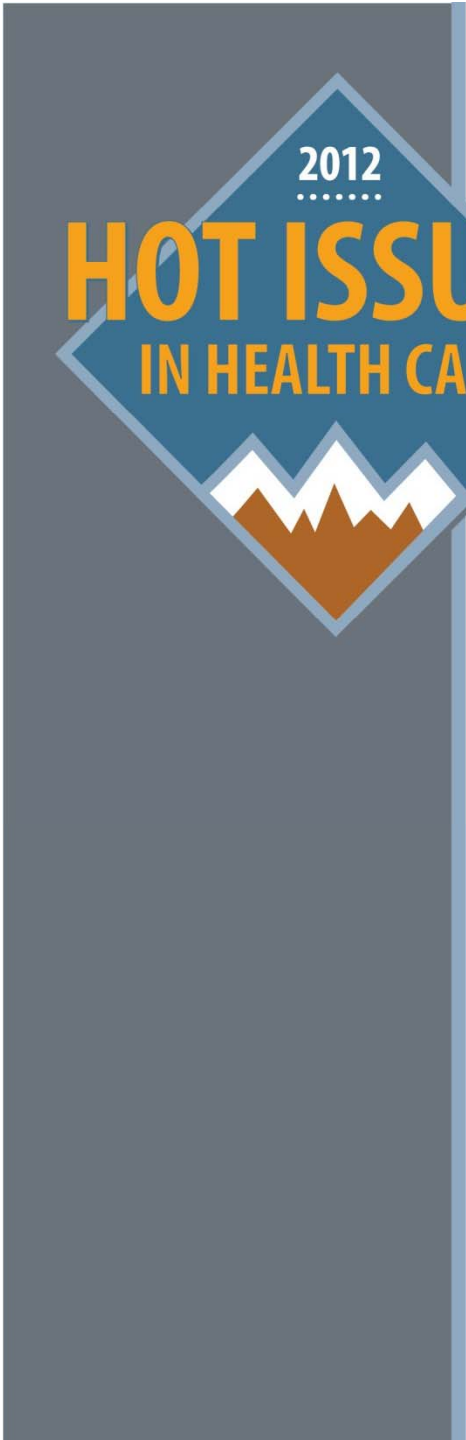
- **Opponents:**



- Would not keep pace with needs
- Block grant not responsive to recessions or disasters
- States may shift financial exposure to individuals

# A Medicaid Block Grant: Five Questions to Ask

1. What are the policy goals?
2. Would it help accomplish these goals?
3. Is moving away from an individual entitlement one of the goals?
4. Will a block grant keep pace with need, especially during a recession?
5. What is the impact on federal, state and individual budgets?



# Medicaid Waivers



# What is a Medicaid Waiver?

- A waiver is a request made by a state to “waive” – or make an exception - to a federal Medicaid rule.
- Waivers can be used to launch demonstration projects that promote Medicaid program objectives.

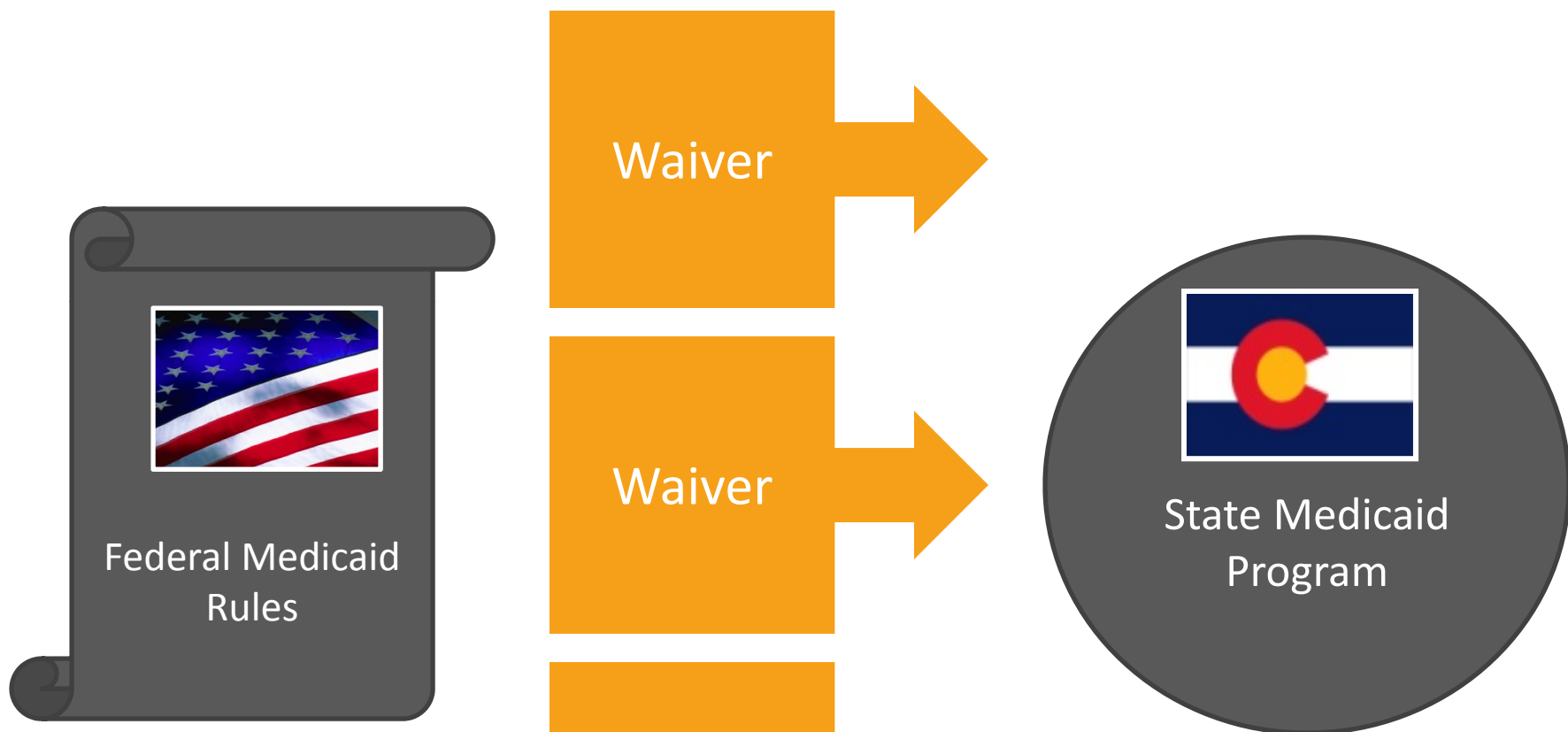
# Background on Waivers: Katie Beckett

- Contracted viral encephalitis in 1978 at four months
- Parents wished to care for her at home
- Would lose Medicaid if she left hospital
- Reagan administration created waiver program to allow home care



United Press International

# The Role of Medicaid Waivers



# What Federal Requirement is Being Waived?



Statewide



Comparability  
of Services



Freedom of Choice  
(of providers)

# What Federal Requirement is Being Waived?



## Statewide

- Providing particular service to one geographic area
- *Example: Only metro Denver residents eligible for spinal cord injuries waiver*

# What Federal Requirement is Being Waived?



## Comparability of Services

- Targeting service to a particular population
- *Example: Children with disabilities*

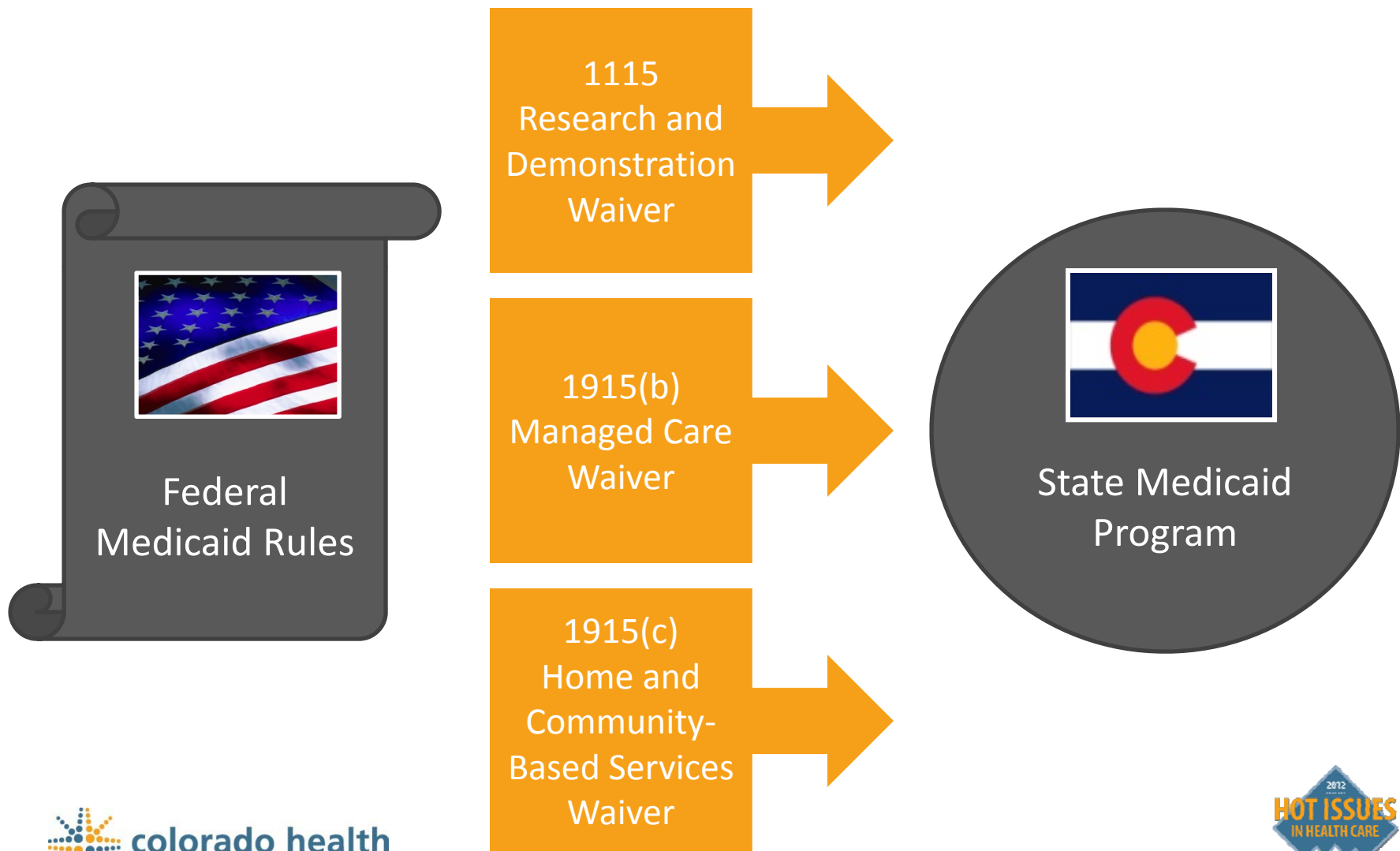
# What Federal Requirement is Being Waived?



## Freedom of Choice

- Limiting choice of providers
- *Example: Requiring enrollment into a Medicaid managed care program*

# Three Types of Medicaid Waivers

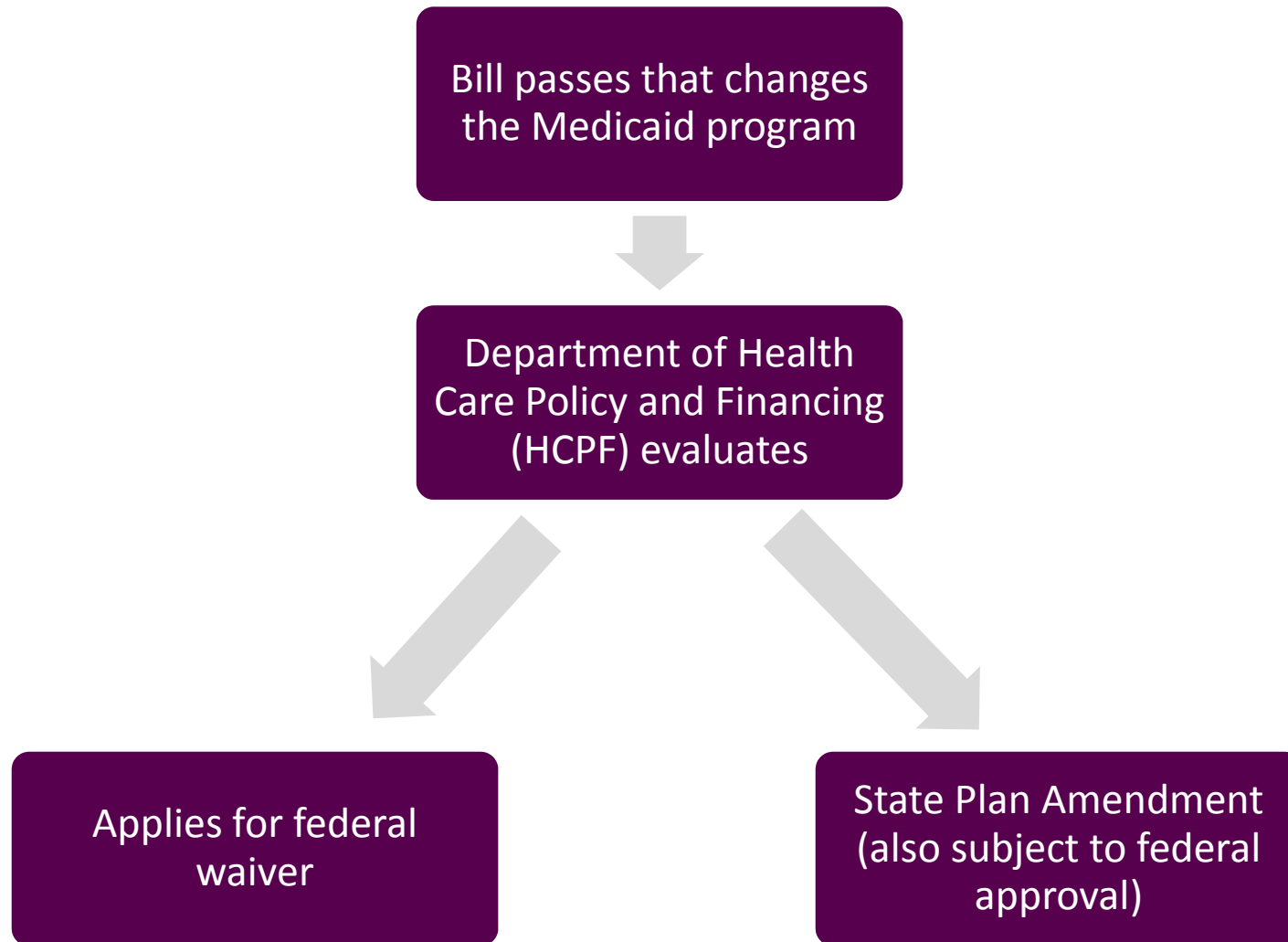




# Features of Waivers

- States still responsible for waiver populations
- Must not cost federal government any more than it would otherwise
- Renewed every two to five years

# Role of the State Legislature



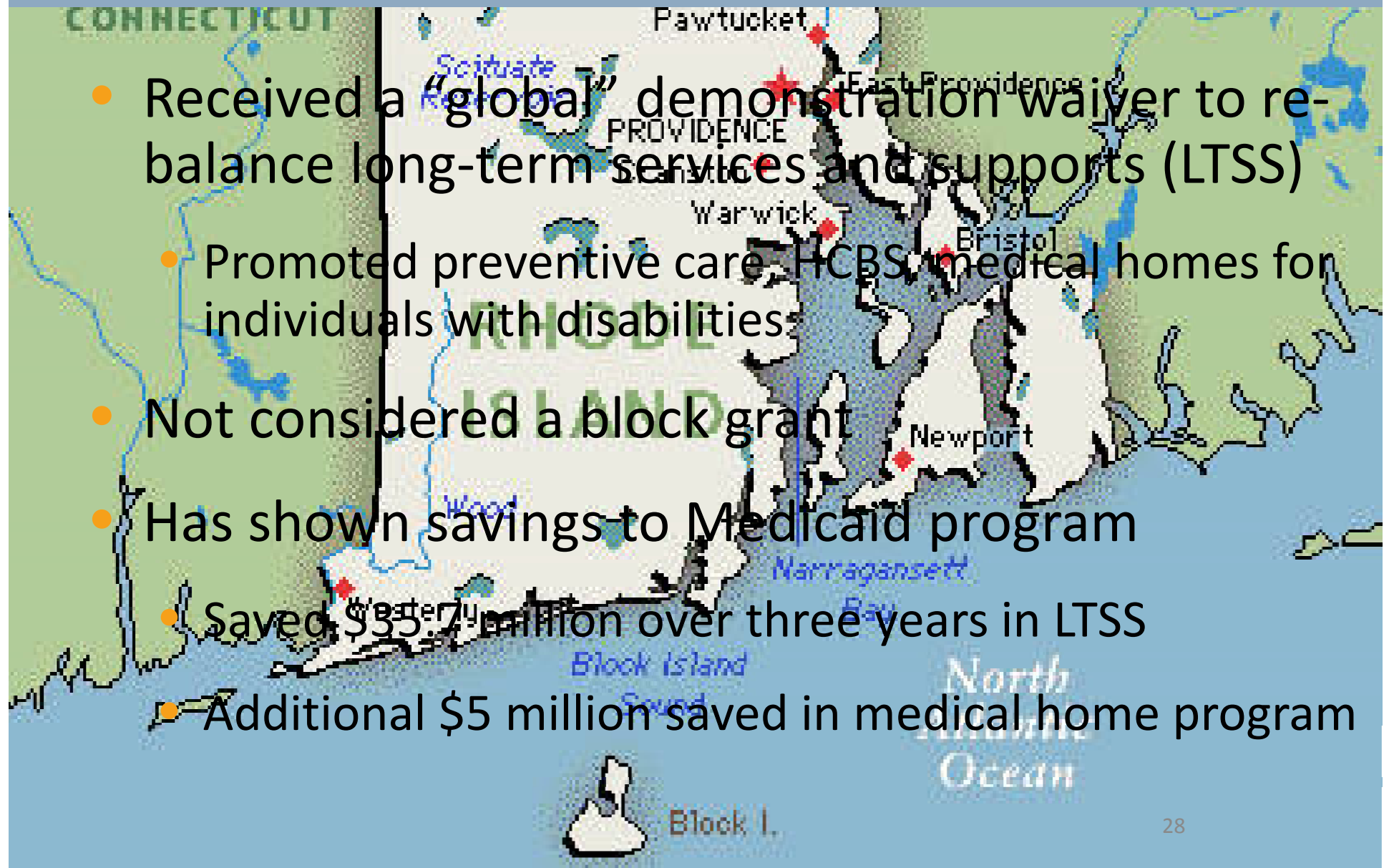
# Examples of Medicaid Waivers in Colorado

Colorado has 13 waivers, including:

- Adults without dependent children – enrollment cap of 10,000
- Home and community-based services (HCBS)
  - **Examples:** Elderly, blind and disabled; individuals with HIV; brain injury

# Rhode Island: Waiver, Block Grant or Both?

- Received a “global” demonstration waiver to re-balance long-term services and supports (LTSS)
  - Promoted preventive care, HCBS, medical homes for individuals with disabilities
- Not considered a block grant
- Has shown savings to Medicaid program
  - Saved \$35.7 million over three years in LTSS
  - Additional \$5 million saved in medical home program



## On Your Radar

- Does it make sense to move some HCBS programs from Department of Human Services (DHS) to Department of Health Care Policy and Financing (HCPF)?
- Seeking funding to move dual Medicare-Medicaid eligibles into Accountable Care Collaborative

# Three Takeaways

- Block grants and waivers increase state flexibility in administering federal programs.
- Block grant proposals aimed at reducing federal Medicaid spending transform the program away from an entitlement.
- Colorado has long used waivers to expand or redesign Medicaid services.



2012  
.....

# HOT ISSUES IN HEALTH CARE



Jeff Bontrager

720.382.7075 [bontragerj@coloradohealthinstitute.org](mailto:bontragerj@coloradohealthinstitute.org)



colorado health  
INSTITUTE